



Senate

General Assembly

File No. 688

January Session, 2001

Substitute Senate Bill No. 1148

Senate, May 9, 2001

The Committee on Appropriations reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING USE OF THE HOTEL TAX TO FUND VARIOUS TOURISM-RELATED ACTIVITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-305 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 (a) The Commissioner of Revenue Services shall segregate (1) one
4 and one-half per cent of the gross receipts from sales within the
5 meaning of subdivision (h) of subsection (2) of section 12-407 by any
6 hotel or lodging house located in any municipality having a
7 population of less than sixty-five thousand, (2) three and one-half per
8 cent of the gross receipts from such sales in any municipality having a
9 population of sixty-five thousand or more but less than seventy-five
10 thousand, and (3) four and one-half per cent of the gross receipts from
11 such sales in any municipality having a population of seventy-five
12 thousand or more, provided the commissioner shall segregate three
13 and one-half per cent of the gross receipts from such sales in the

14 municipality having the most popular tourist attraction in the state, as
15 determined by the Office of Tourism, if such municipality has a
16 population of less than sixty-five thousand. [Such segregated funds]

17 (b) Such funds segregated under subsection (a) of this section shall
18 be allocated as provided in this subsection. (1) For the fiscal year
19 ending June 30, 2002, and each fiscal year thereafter, the Commissioner
20 of Revenue Services shall allocate the first amount of such funds
21 received as follows: (A) For the fiscal year ending June 30, 2002, and
22 each fiscal year thereafter, to the Connecticut Historical Commission
23 for the purposes described in subsection (b) of section 10-320e, forty
24 thousand dollars; (B) for the fiscal year ending June 30, 2002, and each
25 fiscal year thereafter, to the Department of Economic and Community
26 Development for the purposes described in subsection (b) of section
27 10-320e, fifty thousand dollars; (C) for the fiscal year ending June 30,
28 2002, and each fiscal year thereafter, to the State Commission on the
29 Arts to promote and publicize the Impressionists Arts Trail, fifty
30 thousand dollars; (D) for the fiscal year ending June 30, 2002, and each
31 fiscal year thereafter, to the Connecticut Historical Commission for the
32 Historical Resource Inventory, thirty thousand dollars; (E) for the fiscal
33 year ending June 30, 2002, and each fiscal year thereafter, to the central
34 tourism account, established pursuant to section 32-303, five hundred
35 thousand dollars; (F) to the Connecticut Film, Video and Media Office
36 established under section 32-86a, for the fiscal year ending June 30,
37 2002, four hundred thousand dollars and the fiscal year ending June
38 30, 2003, and each fiscal year thereafter, four hundred twelve thousand
39 dollars; (G) to the Department of Transportation for ferries operated by
40 the state pursuant to section 13a-252, for the fiscal year ending June 30,
41 2002, six hundred fifty-eight thousand eight hundred ninety-eight
42 dollars and the fiscal year ending June 30, 2003, and each fiscal year
43 thereafter, six hundred eighty-eight thousand two hundred two
44 dollars.

45 (2) For the fiscal year ending June 30, 2002, and each fiscal year

46 thereafter, after the allocations required under subdivision (1) of this
47 subsection have been made, the Commissioner of Revenue Services
48 shall allocate funds totaling no more than the total amount allocated
49 for the fiscal year ending June 30, 2001, to tourism districts established
50 under section 32-302, [as follows: The portion of the funds attributable
51 to such tax receipts in a municipality shall be allocated to the tourism
52 district in which the municipality is located] The amount allocated to a
53 tourism district in each fiscal year shall be an amount based on the pro
54 rata portion of the funds attributable to such tax receipts in the
55 municipalities that comprise the tourism district, provided (A) ninety
56 per cent of the amount attributable to such gross receipts from sales in
57 Hartford shall be allocated to the Capital City Economic Development
58 Authority and ten per cent of the amount attributable to such gross
59 receipts from sales in Hartford shall be allocated to the Greater
60 Hartford Arts Council, (B) seventy-five per cent of the amount
61 attributable to such gross receipts from sales in New Haven shall be
62 allocated to the New Haven Coliseum Authority, (C) seventy-five per
63 cent of the amount attributable to such gross receipts from sales in
64 Stamford shall be allocated to the Stamford Center for the Arts, (D)
65 seventy-five per cent of the amount attributable to such gross receipts
66 from sales in Norwalk shall be allocated to the Maritime Center
67 Authority, and (E) seventy-five per cent of the amount attributable to
68 such gross receipts from sales in Bridgeport shall be allocated to the
69 Greater Fairfield district established in section 32-302, for the sole
70 purpose of marketing tourist attractions located in Bridgeport. If for
71 any state fiscal year the amount of the allocation under subparagraph
72 (E) of subdivision (2) of this subsection is less than the amount of
73 funds allocated during the fiscal year ending June 30, 1991, to the then
74 existing Bridgeport Convention and Visitors Bureau, pursuant to
75 sections 7-136b and 7-136c of the general statutes, revised to January 1,
76 1991, the Connecticut Tourism Council shall provide a grant under
77 section 32-300, from the tourism account, in the amount of such
78 difference, to said Greater Fairfield district for the purpose set forth in

79 subparagraph (E) of subdivision (2) of this subsection.
80 [Notwithstanding the provisions of this section, during the fiscal year
81 ending June 30, 1998, the Commissioner of Revenue Services shall
82 segregate one hundred fifty thousand dollars from any increase in
83 receipts of such amount segregated under this section during the fiscal
84 year ending June 30, 1997, and shall allocate such segregated amount
85 to the Connecticut Film, Video and Media Office established under
86 section 32-86a, provided the amount segregated and allocated to any
87 entity under this section is not less than the amount segregated and
88 allocated during the fiscal year ending June 30, 1997.]

89 (3) Any balance of the funds segregated under this section and not
90 otherwise allocated pursuant to this subsection shall be transferred to
91 the General Fund.

92 (c) Not later than January 1, 1999, and annually thereafter, each
93 tourism district and each authority receiving funds under this section
94 shall submit to the Connecticut Tourism Council a full audit of the
95 books and accounts of the district or authority for the preceding fiscal
96 year at the same time that an audit is submitted to the Office of Policy
97 and Management under subsection (f) of section 32-302. Each such
98 audit shall be conducted by an independent certified public
99 accountant. The Commissioner of Revenue Services shall also
100 segregate an additional one million dollars of the sales tax receipts
101 from such sales in the state during each state fiscal year and allocate
102 such funds to the cultural heritage development account established
103 under section 10-373bb. The Commissioner of Revenue Services may
104 adopt regulations, in accordance with the provisions of chapter 54,
105 concerning accounting procedures necessary to carry out the purposes
106 of this section.

107 [(b)] (d) Except as provided by law, a tourism district, convention
108 center authority, coliseum authority or the Capital City Economic
109 Development Authority, as the case may be, may borrow money to

110 pay its obligations that cannot be paid at maturity out of current
111 revenue from such allocations, but shall not borrow a sum greater than
112 can be repaid out of the allocations anticipated during the year in
113 which the money is borrowed. The tourism district, convention center
114 authority or coliseum authority, as the case may be, may pledge its
115 securities to secure the repayment of any sum so borrowed.

116 [(c)] (e) Notwithstanding the provisions of subsection (a) of this
117 section, if ninety days have elapsed since a plan for corrective action
118 has been filed for a tourism district under subsection (g) of section 4-
119 233 and the Secretary of the Office of Policy and Management, in
120 consultation with the Connecticut Tourism Council, finds that the plan
121 has not been implemented, the secretary shall notify the Commissioner
122 of Revenue Services who shall then segregate ten per cent of the
123 district's monthly disbursement of funds under subsection (a) of this
124 section and deposit such amount into a separate account each month
125 until the secretary finds that such plan is being implemented at which
126 time [he] the secretary shall inform said commissioner who shall then
127 disburse any funds accrued in the account to the district.

128 [(d)] (f) Notwithstanding the provisions of this section, (1) the funds
129 segregated by the Commissioner of Revenue Services under subsection
130 [(a)] (b) of this section that are attributable to a hotel opened [, or to
131 new rooms added to an existing hotel,] in the city of Hartford on or
132 after May 2, 2000, shall be allocated (A) ten per cent to the Greater
133 Hartford Arts Council, and (B) ninety per cent to the Capital City
134 Economic Development Authority to be used by the authority, among
135 other purposes, for start-up and operating expenses of, and a
136 replacement reserve for, the convention center, as defined in section
137 32-600, and (2) commencing July 1, 2003, and continuing until such
138 time as the Capital City Economic Development Authority shall certify
139 to the Commissioner of Revenue Services that such an additional
140 source of revenue is no longer needed by the authority to meet current
141 or projected operating deficiencies of the convention center, fifty per

142 cent of the excess of (A) the funds segregated by the Commissioner of
143 Revenue Services each month under subsection (a) of this section that
144 are attributable to gross receipts from sales in the Greater Hartford
145 district established in section 32-302, exclusive of such amounts
146 otherwise allocated to the capital city economic development district
147 pursuant to this section, over (B) the average monthly amount
148 segregated and allocated to the Greater Hartford district under
149 subsection (a) of this section, exclusive of such amounts allocated to
150 the Capital City Economic Development Authority, during the fiscal
151 year ending June 30, 2000, shall be allocated to the Capital City
152 Economic Development Authority and used by the authority
153 exclusively to pay, or to fund an operating expense reserve account to
154 provide for the future payment of, start-up and operating expenses of
155 the convention center. In the event that at any time the Capital City
156 Economic Development Authority determines that amounts deposited
157 and then held in such operating expense reserve account pursuant to
158 this section are no longer needed to meet current or projected
159 operating deficiencies of the convention center, the authority shall
160 return such amounts to the Greater Hartford district for use in
161 accordance with its purposes.

162 Sec. 2. Subsection (i) of section 32-656 of the general statutes is
163 repealed and the following is substituted in lieu thereof:

164 (i) The secretary and the authority shall jointly select and appoint an
165 independent construction contract compliance officer or agent, which
166 may be an officer or agency of a political subdivision of the state, other
167 than the authority, or a private consultant experienced in similar
168 public contract compliance matters, to monitor compliance by the
169 secretary, the authority, the project manager and each prime
170 construction contractor with the provisions of applicable state law,
171 including subdivision (1) of section 12-412, subsection (a) of section 12-
172 498, sections 12-541 and 13a-25, subdivision (1) of section 22a-134,
173 subsection [(d)] (f) of section 32-305, section 32-600, subsection (c) of

174 section 32-602, subsection (e) of section 32-605, section 32-610,
175 subsections (a) and (b) of section 32-614, sections 32-617, 32-617a, 32-
176 650, 32-651 to 32-658, inclusive, 32-660 and 32-661, subsection (b) of
177 section 32-662, section 32-663, subsections (j) to (l), inclusive, of section
178 32-664, sections 32-665 to 32-666a, inclusive, sections 32-668 and 48-21
179 and sections 29 and 30 of public act 00-140*, and with applicable
180 requirements of contracts with the secretary or the authority, relating
181 to set-asides for small contractors and minority business enterprises
182 and required efforts to hire available and qualified members of
183 minorities and available and qualified residents of the city of Hartford
184 and the town of East Hartford for construction jobs with respect to the
185 overall project and the on-site related private development. Such
186 independent contract compliance officer or agent shall file a written
187 report of his or her findings and recommendations with the secretary
188 and the authority each quarter during the period of project
189 development.

190 Sec. 3. This act shall take effect July 1, 2001.

Statement of Legislative Commissioners:

Section 2 was added to conform section 32-656 of the general statutes to the changes made in section 1 of the bill.

APP ***Joint Favorable Subst.-LCO***

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Implements a Provision in the Budget, Revenue Gain

Affected Agencies: Connecticut Historical Commission, State Library, Commission on the Arts, Departments of Economic and Community Development, Revenue Services and Transportation

Municipal Impact: None

Explanation**State Impact:**

Passage of this bill would implement provisions of sHB 6668, The Appropriations Act, as favorably reported by the Appropriations Committee. This bill would intercept \$1,728,898 in FY 02 and \$1,770,202 in FY 03 from the portion of the 12% Hotel Occupancy tax segregated to be distributed to the tourism districts and entities. In addition, the bill caps the total amount of funds allocated each year to the tourism districts and entities at the level allocated in FY 01 (see chart A), and provides that in future years, the funds received by the districts/entities would be in proportion to the hotel tax receipts collected in each town in each district. Increased segregated revenue not allocated would be transferred to the General Fund. This results in a revenue gain to the General Fund of approximately \$1.6 million in FY

03 over current law. The programs funded in the bill through the Hotel Occupancy Tax Receipts were funded in FY 01 through surplus funds or the Transportation Fund.

A.

Current Funding

sSB 1148

	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>		<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>
<i>Hotel Tax</i>	\$75.7	\$83.3	\$91.6	Hotel Tax [1]	\$75.7	\$83.3	\$91.6
<i>[1]</i>							
Tourism Districts and Entities	16.2	17.8	19.6	Tourism Districts and Entities	16.2	16.1	16.2
Cultural Heritage	1.0	1.0	1.0	Cultural Heritage	1.0	1.0	1.0
				Additional Expenditures in SSB 1148	-	1.7	1.8
Net General Fund	\$58.5	\$64.5	\$71.0	Net General Fund	\$58.5	\$64.5	\$72.6
[1] based on 10% growth rate							

B.

	<u>FY 02</u>	<u>FY 03</u>
Connecticut Historical Commission		
Freedom Trail	\$40,000	\$40,000
Historical Resource Inventory	30,000	30,000
Dept. of Economic and Community Development		
Freedom Trail	50,000	50,000
Central Tourism Account	500,000	500,000
Connecticut Film, Video and Media Office	400,000	412,000
State Commission on the Arts		
Impressionists Arts Trail	50,000	50,000

Department of Transportation		
Chester and Hadlyme Ferries	658,898	688,202
TOTAL	\$1,728,898	\$1,770,202

Any increase in the administrative workload of the Department of Revenue Services is anticipated to be minimal and handled within budgetary resources of the agency.

Eliminating the requirement that hotel tax revenue from rooms added to existing hotels in Hartford on or after May 2, 2000 be shared by the Greater Hartford Arts Council (10%) and the Capital City Economic Development Authority (CEDA) (90%), will have no impact. There is no way of currently administering this provision since the tax receipts are not reported by numbers of rooms. The two entities still share (90/10) revenues from new hotels in Hartford as required in current law.

OLR BILL ANALYSIS

sSB 1148

***AN ACT CONCERNING USE OF THE HOTEL TAX TO FUND
VARIOUS TOURISM-RELATED ACTIVITIES.*****SUMMARY:**

This bill diverts future increases in hotel tax revenue that would otherwise go to tourism districts to the departments of Transportation (DOT) and Economic and Community Development (DECD) and the Historical and Arts commissions for specific purposes and to fund the Film, Video and Media Office and the Central Tourism Account. It freezes the amounts allocated to tourism districts at current (FY 2000-01) levels and requires any increased revenue over and above the amounts it allocates to go to the General Fund.

The bill also eliminates a requirement that hotel tax revenue from rooms added to existing hotels in Hartford on or after May 2, 2000 be shared by the Greater Hartford Arts Council and the Capital City Economic Development Authority. The council and the authority continue to share revenue from any new hotels established in Hartford on or after that date.

Finally, the bill makes conforming changes and deletes obsolete language.

EFFECTIVE DATE: July 1, 2001

HOTEL TAX REVENUE

By law, the revenue services commissioner must segregate a percentage of the revenue from the 12% tax on gross revenue from room rentals in hotels and lodging houses. The segregated percentages are 1.5% of the revenue from room rentals in towns with populations under 65,000, 3.5% from towns with 65,000 to 75,000 in population, and 4.5% from towns with populations of 75,000 or more.

The commissioner must distribute this revenue to the state's 11 tourism districts according to a statutory formula. Thus, under current law, districts automatically receive a share of any increases in hotel tax revenue.

This bill freezes the amount districts receive at FY 2000-01 levels and allocates revenue increases as follows, with any increases over the amounts specified below sent to the General Fund.

TO	FISCAL YEARS	PURPOSE	ANNUAL AMOUNT
Historical Commission	2001-02 and after	Freedom Trail - plaques and other site markings for underground railroad and related sites.	\$40,000
		Historical Resource Inventory	\$30,000
DECD	2001-02 and after	Program to publicize the Freedom Trail	\$50,000
Arts Commission	2001-02 and after	Promote and publicize the Impressionists Arts Trail	\$50,000
Central Tourism Account	2001-02 and after	Regular operations	\$500,000
Film, Video and Media Office	FY 2001-02	Regular operations	\$400,000
	FY 2002-03 and after	Regular operations	\$412,000
DOT	FY 2001-02	Rocky Hill and Chester and Hadlyme ferries	\$658,898
	FY 2002-03 and after		\$688,202

Under current law, the portion of funds attributable to hotel tax receipts in a particular municipality must be allocated to the tourism district where the municipality is located. Under the bill, each tourism district's allocation must be based on the pro rata portion of the funds attributable to tax receipts in the municipalities within it.

BACKGROUND***Central Tourism Account***

The Central Tourism Account is used for strategic marketing, tourism challenge grants, allocations to tourism districts, and operating visitor welcome centers.

Film, Video and Media Office

The office, which is in DECD for administrative purposes, promotes use of Connecticut locations, facilities, and services in film and other media productions; provides support to Connecticut media production companies; and performs other related functions.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Change of Reference
Voice Vote

Appropriations Committee

Joint Favorable Report
Yea 43 Nay 8